

Town of Stantonsburg
Budget Workshop Meeting
May 30, 2024

Mayor Coley Rhodes called the Budget Workshop special meeting to order at 7:00 PM. The following council members were present: Donnie Bass, Jackie Grice, Eartha Butler, and Steve Mooring. Also present were Town Manager Brian Hawley, Town Clerk Alexis Whitley, and Finance Officer Victoria Lucas. Councilman Ben Harper and Town Attorney Slade Rand were absent.

Pledge of Allegiance and Prayer: Mayor Rhodes led the Pledge of Allegiance and opened the meeting with prayer.

Approval of Agenda: Councilwoman Grice made a motion to approve the agenda. Passed unanimously.

Presentations:

Manager Hawley presented the Fiscal Year 2025 Budget Message and Proposal.

Manager Hawley had concerns regarding the General Assembly of North Carolina new session law 2023-59 enacting increase compliance by counties and municipalities that fail to timely submit an annual audit report. This applies to audits for fiscal years ending on or after June 30, 2023. Due to the delay of the fiscal year 2022 and 2023 audits, the NC Treasurer may withhold a portion of sales tax distribution. The Town submitted an appeal to the State to appeal to the LGC's position on potentially withholding a portion of the sales tax. Councilman Mooring requested sales tax amounts, funds received, and date for withholding. Per Manager Hawley, funds are released quarterly, amounts were approximately \$98,000.00 and the date was April 1, 2024.

Councilman Mooring asked what the town's basis for appeal was. Manager Hawley said the town appealed based on accomplishments made since his arrival. These include new policies and procedures and addressing the challenges incurred with the auditors. He met with Certified Accountant, Danna Layne, to write a letter to LGC. He advised LGC about the challenges with our previous accountant, Gary Pittman, and the decision to move forward with a new accountant, Ryan Marlar. He informed the LGC that Ryan Marlar has the town's trial balance ready.

The town is waiting to hear from Carr, Riggs, and Ingram (CRI) to advise us if they are going to release us from their current contract. If they do, it will require a letter from them releasing us on their letterhead which would be sent to the LGC and a letter of engagement from Danna Layne would be presented to the council. A letter was received informing us that the town has yet to correct fiscal year 2021 W-2s and 941's. The letter stated that the town is facing a penalty. Per Danna Layne, this is normal, and it looks like something was missed. She will be helping the town do these payroll corrections to avoid other penalties. That should be finalized within the next few days and certified letters will be sent to the IRS and the Social Security Administration. Per Finance Officer, Victoria Lucas, W-2's and 941's for fiscal year 2021 should match and they do not.

Councilwoman Grice asked if the town gave CRI a date to respond regarding the current contract. Mr. Webb responded to the original email Manager Hawley sent and said he would need to reach out to his corporate office to discuss the matter with them. The town has not received a response after a few attempts. Victoria will continue working with them.

Councilman Mooring referenced Manager Hawley's statement in the budget message "Electricity increased 5.1 percent between April 23 and April 2024. This is a determining factor on why there is a recommended increase in sanitation, water, and sewer rates of an estimated 5 percent." He states that is only one factor. There are other factors involved in the decision as well. Manager Hawley agreed with Councilman Mooring but stated that it was the easiest one to point out in the budget message.

Manager Hawley made the council aware that the water tower will be offline on Wednesday next week. The water tower has a leaking valve; therefore, Southern Corrosion will be doing the repair. Roger Sullivan tested the system to convert the town from our system to the county system so there will not be a water outage for our customers. The water tower will need to be drained.

Councilwoman Grice asked if this will be posted online to make residents aware. Manager Hawley stated that Roger will provide a statement for social media and the website along with One-Call.

Because Wilson County does purchase water from Stantonsburg, Councilman Mooring requested to see the bulk rate information for those water purchases.

Councilwoman Grice questioned who the point of contact will be next week in the case of an emergency while Brian is out on vacation. Manager Hawley stated that Finance Officer, Victoria Lucas, will be the point of contact.

The LGC recommended Manager Hawley reduce items in the budget draft to streamline it. The LGC recommended adding the tax collection rate to the budget ordinance. Based off their recommendation, Manager Hawley formatted the budget message by line item. The budget ordinance does not show it by line item. This will make the budget understandable. On the second page, general fund appropriations will be broken down by department so when the budget message is cross referenced you will see expenditures for each department. Their recommendation will help minimize budget amendments.

Manager Hawley discussed each department throughout the budget.

For the appropriated fund balance, the LGC stated that the town could not exceed 5% of the overall fund balance.

Manager Hawley confirmed with the new accountant, Ryan Marlar, that the town does have money in the general fund. The ARPA money was also moved into our general fund.

Councilman Mooring reiterated that the board voted on June 13th, 2022, that the ARP funds will not be used for salaries but other projects in the town. He would like to see a line item to move those ARP funds out of the general fund. The town was awarded \$248,265.31 in ARP funds but \$22,500 of that was appropriated to premium pay for employees in September of 2021. The remaining balance of \$225,765.31 was moved to "salaries" but has not been expended.

Manager Hawley stated that the town's estimate for the general fund to take in this year has been exceeded by \$13,000.00 to date.

Councilman Mooring discussed the town going revenue neutral and referenced the general statute that requires the town to show what the revenue neutral rate is. Manager Hawley stated that he had to do that for the LGC, and he had to go over the budget entirely with them and let them know why certain things were being proposed.

Councilman Mooring discussed the revaluation by the county. In 2023-2024, the ad valorem taxes were \$258,000.00 based on true valuation of \$44,500,000.00 at 60 cents per \$100.00. With the revaluation for 2024-2025, the ad valorem taxes were \$369,000 based on true valuation of \$70,000,000.00. The true valuation of properties within the town went up to \$25,500,000.00. If the proposed rate is multiplied by .0055 the town will have an additional \$137,500.00. The town always moves money from the electric fund, but Councilman Mooring suggested the town find that money from somewhere else. Councilman Mooring discussed the rate if it was moved to 40 cents per \$100.

Councilman Mooring discussed Wilson County's fire tax rate. Manager Hawley stated that the county had a meeting and should be voting on that rate.

Manager Hawley stated that some expenses cannot be planned for as the town has older infrastructure. Per Manager Hawley obligations have been increasing, including health insurance.

Manager Hawley and Roger Sullivan had a meeting yesterday with town engineers Vince Tomaino and Mike McCallister on prioritized infrastructure items. Manager Hawley will provide the council with this list in the July meeting.

Councilman Mooring stated the LGC said no to transferring enterprise funds to the general fund. He expressed concern about rates going up for our citizens.

Louis Davis with UTEC and Manager Hawley have discussed doing a rate study. A rate study is included at no extra cost in the town contract with UTEC.

Manager Hawley discussed each department throughout the budget.

Councilman Mooring questioned the out-of-town garbage fee and whether it needs to be raised.

Councilwoman Grice questioned raising the privilege license for beer and wine sale. Per Town Manager, the town does not decide on those fee amounts.

Manager Hawley stated that all employees including the mayor and council will be receiving a cost-of-living adjustment of 3%.

Councilman Mooring questioned where the sanitation/streets employees are placed in the budget. Manager Hawley stated that employees are split between sanitation and street departments.

Councilman Bass questioned the amount of budget allowance for repairs on the garbage truck.

The Capital Outlay line item in the budget includes the estimate of a leaf vacuum.

Manager Hawley discussed street sweeping weekly, bulk pick-up schedule the first and third Wednesday of every month, and customer notifications. Currently, the town will only pick up 3 household bulk items per customer.

Councilwoman Butler discussed concerns about the proposed bulk pick up rates being too high. Manager Hawley stated that the rates presented are only examples.

Manager Hawley presented the option to sponsor an individual going through the Basic Law Enforcement course to recruit officers for the town. The proposed idea would be that the town would pay the individual on an administrative level while they are taking the course. In return, the town would have an agreement with the individual as a police officer once the course is completed.

The Council and Manager Hawley discussed 911 invoices. Councilman Mooring requested the history for 911 invoices to be generated.

Councilwoman Grice questioned the difference between the Beautification Committee and Appearance Commission. Mayor Rhodes stated that the Appearance Commission includes the whole town, such as the essence of the town. Their idea is to explore the whole town and see what is needed. The Beautification Committee focuses on plants, murals, etc.

Councilman Bass questioned the amount allowed for the town park in the budget to make sure it was enough. Manager Hawley stated that we updated a lot of things this year including mulch, soccer nets, and lights.

Councilwoman Grice requested an update from each committee representative during monthly meetings, so the council is aware of what their ideas are.

Mosquito treatments and employee testing have been budgeted for this fiscal year.

The town council discussed debt services. Councilman Mooring asked if the town receives a report from the LGC about debts. Finance Officer, Victoria Lucas, stated that the report only shows the total of debts. Manager Hawley will make other reports available.

Councilman Mooring questioned the "REPS" on the utility bills and where that money goes. Manager Hawley stated that the REPS energy tax goes to the electric fund when collected.

Councilman Bass had concerns regarding the budgeted amount for repairs/emergencies in all departments.

Councilwoman Butler questioned the cell phones for all employees and the purpose of them. Manager Hawley and Finance Officer, Victoria Lucas, stated that all employees have town cell phones except for a few, and that is how staff sends, responds, and tracks work orders throughout the day. The police department also has phones.

The council discussed utility extensions. Customers are granted two extensions per year until the 20th of the month at noon.

Certified Personal Accountant, Danna Layne, suggested the town remove the Capital Project Fund line item from the drafted budget until the town has been formally notified of funding.

Manager Hawley discussed the CDBG Grant. Mayor Rhodes mentioned the housing committee list which needs to be updated in the case of some titles not being cleared. The town will request the list of houses from Tyra at Upper Coastal Plain Council of Governments to see which other houses can be prioritized if so.

Finance Officer, Victoria Lucas, requested that Manager Hawley let the council know what Danna Layne's recommendation was regarding payroll and the letter from the IRS. The town requested that Danna Layne correct this payroll information. Victoria asked the previous accountant, Gary Pittman, to look over this issue a year ago.

Manager Hawley completed the budget message and proposal.

Manager Hawley presented the proposed updated sanitation ordinance and asked the council for feedback to formally adopt the ordinance at the June meeting.

Manager Hawley discussed a resident wanting a privacy fence in their front yard higher than the ordinance allows due to safety precautions for her child. Per the town UDO, this will require a variance and public hearing. The council would like to view the yard first to better understand where the fence will go before deciding.

Manager Hawley presented the bulk rate schedule to propose an idea of rates to the council.

Manager Hawley and the council discussed the 2024/2025 fee and rate schedule and the proposed changes.

Councilman Mooring discussed the miscellaneous fees for photocopies and the police report fee of \$5.00. Manager Hawley stated we should continue with the \$5.00 fee for police reports as other municipalities do the same.

Councilman Bass clarified with Manager Hawley that the town has permit fees as well as the county. Manager Hawley stated projects do require permit fees for the town and the county.

Late fees and reconnection/cut off fees have been increased \$5.00. Late fees will be \$15.00 and the reconnection/cut off fee will be \$40.00.

Councilman Mooring requested the town also increase out-of-town garbage at 50 cents just like the in-town garbage. There was no opposition expressed therefore, the board reached a consensus to increase out of town garbage rate 50 cents.

It was recommended by staff that the town only have a minimum of a \$200.00 deposit and maximum of a \$400.00 deposit based off of credit. The town will no longer accept a good letter of credit from previous utility providers for a \$100.00 deposit.

Manager Hawley discussed the elevated water tank repairs. The town does not anticipate any extra charges.

The LGC requested the budget draft from the town and requested information about tax rates, debts, service payments, etc.

The town had to provide a letter to the LGC stating that they did not take the loan for Sewer Rehab Phase II after the grant fell short of funding. The NCDEQ recommended the town reapply for higher funding.

Manager Hawley, Mayor Rhodes, and Councilman Mooring met with the architect last week. Manager Hawley relayed information from that meeting to the council and provided a fee proposal for them to review. He would like to present the contract at the June meeting.

Councilman Bass was concerned about exceeding estimates for the Seal Building and the new Town Hall and asked if there is extra money available in the budget to move around as a safety net if the town comes across this issue. Manager Hawley stated the town still has the ARP funding available. More funding will possibly be available through the NC Legislature for 2025. Councilman Mooring stated that after talking with the architect, they are confident the town can make these projects work with the funding that is available.

Manager Hawley requested that the council hold the 2024/2025 Budget Hearing on Monday, June 17th.

Councilman Bass requested the council change the June Regular Board meeting date to June 17th to combine it with the budget hearing. It was the consensus of the board to move the June Regular Board Meeting from Monday, June 10th to Monday, June 17th and to hold the Budget Hearing on the same date.

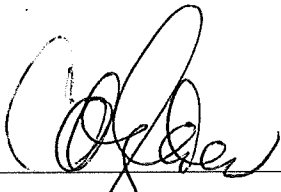
Councilman Mooring made a motion to go into closed session pursuant to 143-318.11 (a)(6).

Councilwoman Grice made a motion to go back into open session. Passed unanimously.

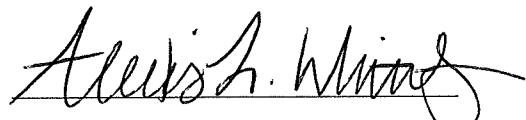
The board reached a consensus to not hire another employee in the electric department. They reached a consensus to only give all employees a 3% cost of living adjustment.

The board requested that Manager Hawley check on lunch policies and breaks along with the 35-hour versus the 40-hour work weeks and brief the board on those policies.

Councilman Bass made a motion to adjourn. Passed unanimously.



Coley H. Rhodes, Mayor



Alexis L. Whitley, Town Clerk